



COMMONWEALTH of VIRGINIA

*Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building, Capitol Square
Richmond, Virginia 23219*

*Philip A. Leone
Director*

(804) 786-1258

June 12, 2000

MEMORANDUM

TO: Philip A. Leone, Director

FROM: Robert B. Rotz, Senior Division Chief

SUBJECT: Request for Changes to Internal Service Fund Rates
by the Department of General Services (DGS)

This memorandum addresses changes in the internal service fund rates that have been recently requested by Mr. Donald C. Williams, Director of the Department of General Services (DGS). DGS' request includes changes in the labor rates for the special maintenance services provided by the department, as well as changes in the rental rates that are charged to tenants of buildings operated and maintained by DGS' Bureau of Facilities Management. Aside from building maintenance and repair labor rates and rental rates, DGS is requesting no other overhead rate changes for its internal service funds at this time. A letter from the director of DGS that requests these rate changes is provided as Attachment A to this memorandum.

FY 2001 Building Maintenance and Repair Labor Rates

The approved FY 2000 and the proposed FY 2001 labor rates for Bureau of Facilities Management personnel are shown toward the top of the next page. The requested hourly rates reflect the December 1, 2000 salary increase, other changes in the salary costs associated with DGS personnel who provide these types of services, and changes in fringe benefit costs.

The labor rates submitted by DGS appear to accurately reflect the hourly charges that would be necessary to cover the hourly compensation costs of the personnel employed for these purposes. The assumptions and

calculations supporting the ten requested labor rates appear to be both appropriate and accurate. **Therefore, I recommend that the Commission approve the new labor rates requested by DGS to be effective July 1, 2000.**

<u>Trade</u>	<u>Approved FY 2000 Rate</u>	<u>Requested FY 2001 Rate</u>	<u>Percent Change</u>
Security	\$13.00	\$14.23	9.5%
Housekeeping	16.11	16.92	5.0%
Groundswoker	17.34	18.47	6.5%
Electrician	19.29	21.27	10.3%
Painter	19.60	21.19	8.1%
Plumber	19.89	21.39	7.5%
Carpenter	21.01	21.64	3.0%
Sheet Metal	21.96	23.20	5.6%
HVAC Mechanic	22.90	24.19	5.6%
Project Management	32.80	35.42	8.0%

Rent Plan Rates for FY 2001

The table below provides the rent plan rates requested by DGS for FY 2001. It is anticipated that the rates will enable DGS to somewhat enhance the level of service that it provides its tenants in properties covered by the State's rent plan.

<u>Type of Space</u>	<u>Approved FY 2000 Rate</u>	<u>Requested FY 2001 Rate</u>	<u>Percent Change</u>
Office	\$ 9.84	\$10.79	9.7%
Storage	3.71	3.75	1.1%
Laboratory	17.41	18.00	3.4%
Vacant	6.60	6.08	-7.9%
Library	6.50	8.20	26.1%
Mansion Complex	11.14	12.00	7.7%

I recommend approval of the above changes in rent plan rates that have been requested by DGS to be effective

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July 1, 2000. These rates provide revenues to meet the estimated costs of DGS services as given in the recently adopted Appropriation Act. The estimated cost of the services that is given in the Act is \$21,942,755. Multiplication of the rates submitted by DGS for each space category times the square footage in each category does equate to the estimated cost in the Act. Based on some concerns that exist regarding the sufficiency of the estimated cost in the Act, staff of the Department of Planning and Budget (DPB) have indicated that if there appears to be a shortfall between the revenues obtained from tenants and the actual costs for the program, then consideration will be given to including an adjustment for DGS in the 2001 budget submission.

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